

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
First-Class Package Service Contract 57 (MC2016-155)
Negotiated Service Agreement

Docket No. CP2016-218

PUBLIC REPRESENTATIVE COMMENTS ON
THE UNITED STATES POSTAL SERVICE NOTICE OF AMENDMENT
TO FIRST-CLASS PACKAGE SERVICE CONTRACT 57

(January 5, 2017)

The Public Representative hereby provides comments pursuant to the Commission's Notice Initiating Docket(s).¹ In that Notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of an amendment to First-Class Package Service Contract 57.² Attachment A to the Notice consists of a redacted version of the Amendment to First-Class Package Service Contract 57. The non-redacted amendment was filed under seal.

In Order No. 3390, the Commission approved the Postal Service's request to add a new product identified as First-Class Package Service Contract 57 to the Competitive product list.³ The Amendment updates the pricing mechanism. Contract 57, as amended, does not alter the established expiration date from the original Order. The effective date of the Amendment is two business day following the day on which the Commission issues all necessary regulatory approvals.

¹ Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, December 27, 2016 (Notice).

² Notice of United States Postal Service of Amendment to First-Class Package Service Contract 57, December 22, 2016 (Amendment).

³ See Order No. 3390, Order Adding First-Class Package Service Contract 57 to the Competitive Product List, Docket Nos. MC2016-155/CP2016-218, June 28, 2016.

COMMENTS

The Public Representative has reviewed First-Class Package Service Contract 57 and the Postal Service's Amendment. Based upon that review, the Public Representative recommends Commission approval of the Amendment to First-Class Package Service Contract 57. It appears that the contract as amended should continue to generate sufficient revenues to cover costs and thereby satisfies the standards of 39 U.S.C. § 3633(a).

Requirements of 39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial model, it appears the prices as amended should continue to generate sufficient revenues to cover costs during the next year. In addition, the Postal Service must file revenue and cost data for First-Class Package Service Contract 57 in future Annual Compliance Reports. This data will permit the Commission to annually review the financial results for First-Class Package Service Contract 57 in future Annual Compliance Determination (ACD) reports for compliance with 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

Christopher Mohr
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-789-6857
Christopher.Mohr@prc.gov